

Government Relations Update – November 11, 2014

Pennsylvania Issues

Advocacy

- **Medicaid Expansion:** As previously reported, the Patient Protection and Affordable Care Act (PPACA) expanded state medical assistance programs significantly on January 1, 2014, unless states elected to opt out. On August 28, 2014, the Centers for Medicare & Medicaid Services and Governor Tom Corbett (R) finally reached agreement to expand Pennsylvania's medical assistance program pursuant to a modified waiver, entitled Healthy PA. The Healthy PA program proposed to increase Medicaid coverage for about 500,000 Pennsylvanians by using federal funds to cover costs through the private insurance exchange system, rather than simply expanding Medicaid to additional enrollees.

Expanded enrollment will begin in December and coverage will commence on January 1, 2015. However, many large insurers have decided not to participate in Healthy PA, since many physicians and physician groups refuse to accept rates offered under the program. Pennsylvania Governor-elect Tom Wolf (D) plans to evaluate the program and may abandon it so that the Commonwealth can participate in the expansion pursuant to PPACA.

- **Mcare Fund Settlement:** As previously reported, the Pennsylvania Medical Society (PAMED), the Hospital & Healthsystem Association of Pennsylvania (HAP) and the Pennsylvania Podiatric Medical Association (PPMA) sued the Commonwealth of Pennsylvania in 2009 after the Commonwealth transferred \$100 million from the Medical Care Availability and Reduction of Error (Mcare) Fund to the Commonwealth's General Purpose Fund to balance the 2010 state budget. On October 16, 2014, after five years of litigation, PAMED, HAP and PPMA agreed to settle its suit and allow the Commonwealth to keep the \$100 million previously transferred from the Mcare Fund. In exchange, the Commonwealth agreed to pay \$139 million to physicians, podiatrists, hospitals and other health care providers who were overcharged by the Mcare Fund and to reduce future assessments by Mcare. HAP, PAMED and PPMA are scheduling meetings with their members to discuss the settlement and distribution of the funds.

Legislation

- **Act 169 of 2014 (HB 1907):** Patient Notice of Observation Status. On October 22, 2014, Governor Corbett signed Act 169 into law, which requires hospitals to provide notice to a patient when receiving care under observation status rather than being admitted as an inpatient. As reported previously, when the bill was initially introduced, it included onerous signature requirements, time consuming training mandates and a requirement that hospitals explain the financial consequences of observation status to a patient or a designee. St. Luke's University Health Network led a group of hospitals and health systems, including the University of Pittsburgh Medical Center, Temple University Health System, Albert Einstein Healthcare Network, WellSpan Health, Geisinger Health System, Commonwealth Health, Sacred Heart HealthCare System and Lehigh Valley Health Network, in opposing the bill. Following a meeting with the bill's sponsor, Representative Saylor (R-York), these controversial requirements were removed. The amended version of the bill becomes effective on April 20, 2015.

Miscellaneous

- **Election Update:** On November 4, 2014, Pennsylvania residents elected candidates for all 203 seats in the House of Representatives and 25 seats in the Senate. State Representatives Brown (R-Monroe), Harhart (R-Lehigh, Northampton), Hahn (R-Northampton), Heffley (R-Carbon), McNeill (D-Lehigh, Northampton) and Simmons (R-Lehigh, Northampton) were reelected despite opposition. State Representatives Day (R-Berks, Lehigh), Emrick (R-Northampton), Freeman (D-Northampton), Knowles (R-Berks, Schuylkill), Mackenzie (R-Berks, Lehigh), Samuelson (D-Northampton) and Schlossberg (D-Lehigh) were reelected without opposition. After 17 terms in office, Representative Clymer (R-Bucks) did not seek reelection and will be succeeded by Republican Craig Staats.

State Senators Mensch (R-Bucks, Lehigh, Montgomery, Northampton) and Browne (R-Lehigh, Northampton, Monroe) were reelected despite opposition, and State Senator Boscola (D-Lehigh, Northampton, Monroe) was reelected to a fifth term in office without opposition. Republican Mario Scavello, a six-term State House member, was elected to serve the newly created 40th Senate District in Monroe County.

Former Department of Revenue Secretary and York County businessman Tom Wolf (D) defeated incumbent Governor Tom Corbett (R) by a margin of 55% to 45%. Governor Corbett becomes the first incumbent to lose reelection since the Pennsylvania Constitution was changed in 1968 limiting the executive office to two terms. On November 10, 2014, Governor-elect Wolf named Kathleen McGinty, former state environmental protection secretary and one of his opponents in the Democratic primary, as his chief of staff.

New Jersey Issues

Advocacy

- **Hospital Financial Transparency:** As previously reported, as a result of concerns that for-profit hospitals located in New Jersey are not obligated to share financial information similar to not-for-profit hospitals, Governor Chris Christie (R-NJ) signed a bill into law on January 17, 2014 directing the Commissioner of Health to review financial reporting requirements for New Jersey hospitals and to make recommendations to the Governor. Specifically, the legislation requires that the Commissioner examine the impact of Internal Revenue Service filings, Securities and Exchange Commission filings and audited financial statement requirements from all hospitals receiving Health Care Subsidy Fund payments. On July 19, 2014, the report was released to the public and the Governor. It made a series of recommendations, including a proposal that all hospitals post on their websites quarterly unaudited financial statements within 45 days of the end of each quarter and annual audited financial statements within 180 days of the end of each fiscal year.

In October, the Commissioner met with hospital representatives to review the recommendations. During these meetings, the New Jersey Hospital Association (NJHA) expressed concerns about posting unaudited financial statements. According to the NJHA, unaudited financial statements lack significant adjustments included in the audited annual statements, and the unaudited statements could be misleading. The Commissioner plans to assemble a working group with hospital representatives to provide further input. Senator Joseph Vitale (D-Woodbridge), Chair of the Senate Health Committee, continues to advocate for disclosure and plans to hold a hearing in the near future.

Miscellaneous:

- **Warren County Freeholder:** On November 4, 2014, Warren County voters reelected Freeholder Rick Gardner to a fifth three year term in office. Freeholder Gardner was supportive of St. Luke's efforts to acquire St. Luke's Warren Hospital in 2011.

Federal Issues

Miscellaneous

- **Election Update:** Senator Cory Booker (D-NJ) and Congressmen Matt Cartwright (D-17-PA), Mike Fitzpatrick (R-8-PA) and Leonard Lance (R-7-NJ) were reelected despite opposition. Congressman Charles Dent (R-15-PA) was reelected without opposition.

Although a few Congressional races are still undecided, Republicans will hold a majority in the 114th Congress with at least 243 seats. This the largest majority held by the Republicans since President Harry S. Truman's administration more than 60 years ago. After eight years in the minority, Republicans have successfully regained control of the Senate with at least 52 seats. The last time the Republicans held the majority in both the House and Senate in conjunction with a Democratic presidency was during the Clinton administration in 1994.